

## Chapter Thirteen

### Program Costs

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#### Overview

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##### Policy

Administrative funds are allocated to Local Agencies by the State Agency through Intergovernmental Agreements (for governmental agencies) and contracts (non-governmental agencies). Amounts allocated to individual agencies are based on a “banded caseload formula.”

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##### Criteria

The amount of administrative funds allocated to a Local Agency is based on the following:

- The estimate of food and nutrition services and administration (NSA) grant amounts for the upcoming fiscal year
  - The current caseload being served by the Local Agency in the current fiscal year and the projected caseload to be served in the coming fiscal year
  - The percentage of potentially eligible participants in the Local Agency’s service area being served
  - The capability of the Local Agency to increase services
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#### In This Chapter

This chapter is divided into nine (9) sections which detail State and Local Agency responsibilities, allowable program costs, how to determine and report costs, and four (4) appendices

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#### Section A

#### Local Agency Responsibilities

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##### Policy

Local Agencies will use program funds only for allowable costs as specified in the Federal Regulations, and those outlined in this chapter.

Local Agencies will pay all allowable expenses promptly. All expenditures will be reported within 30 calendar days following the submission of the agency's final Contractor's Expense Report.

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##### Nutrition Education Costs

Local Agencies will annually document expenditures per functional area using the Annual Cost Summary Report, Personnel Costs Summary Sheet, and the Daily Time Sheet.

**Note:** One sixth (1/6) of the total administrative budget is the minimum amount which should be used for nutrition education (not including breastfeeding education). The documentation of nutrition education costs should separately account for both general nutrition and breastfeeding education.

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## Chapter Thirteen

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#### Section B

#### State Agency Responsibilities

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##### Policy

The Nutrition Programs Manager will monitor all expenditures to ensure that:

- Administrative costs do not exceed the amount allocated for administration on the current Letter of Credit
  - Total food and administration costs do not exceed the total funds authorized on the current Letter of Credit
  - Local Agency expenditures are consistent with contracted amounts
  - One-sixth (1/6) of administrative funds are expended for nutrition education
  - The required amount is expended for breastfeeding promotion
- 

##### Allowable Costs

The State Agency will provide guidance to Local Agencies and obtain clarification on any questions regarding allowable costs.

The State Agency's Audit and Program Integrity Unit will ensure all expenditures of program funds are allowable costs as prescribed in Section C.

The ADHS Accounting Section will initiate payment of all allowable costs accurately and promptly after receipt of goods or services.

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### Section C

#### Allowable Costs

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##### Introduction

Allowable program costs consist of food costs and operational and administrative costs. In general, costs necessary to fulfill program objectives are allowable costs.

**Note:** For further information, see FNS Instruction 808-1, Part One, pages VI-5 through VI-16.

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#### Definitions

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##### Allowable Food Costs

The acquisition costs of supplemental foods provided to WIC participants are allowable food costs. Food costs may not exceed the food Vendor's customary price.

**Note:** Sales tax will not be collected on WIC purchases.

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##### Allowable Operational and Administrative Costs

Operational and administrative costs are costs (other than food costs), which are associated with fulfilling program objectives.

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#### Section D

#### Types of Allowable Operational and Administrative Costs

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<b>Type 1: Salaries</b>	The cost of salaries and time spent on certification of potential WIC participants, whether found eligible or ineligible.
<b>Type 2: Outreach</b>	The cost of outreach services.
<b>Type 3: Food Delivery</b>	The cost of monitoring and administering the food delivery system.
<b>Type 4: Interpreters</b>	The cost of interpreters and translators for materials.
<b>Type 5: Fair Hearings</b>	The cost of show/cause meetings and fair hearings, including the cost of an independent medical assessment of the appellant, if necessary.
<b>Type 6: Monitoring</b>	The cost of monitoring and reviewing program operations.
<b>Type 7: Capital Equipment</b>	<p>The cost of capital equipment, provided that prior approval from the Nutrition Programs Manager is obtained for purchases over \$5,000.00.</p> <p><b>Note:</b> The State Agency will forward any request for capital expenditures more than \$25,000.00 to USDA Food and Nutrition Services (FNS) for approval.</p>

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#### Section D

#### Types of Allowable Operational and Administrative Costs (Continued)

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**Type 8: ADP  
Items**

Purchase of any ADP-related items (hardware and software) less than \$25,000.00 requires the prior approval of the State Agency. Purchases \$25,000.00 and above require prior approval of the USDA, FNS.

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**Type 9: Nutrition  
Education**

The cost of providing nutrition education to WIC participants in accordance with the procedures outlined in Section E.

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# Chapter Thirteen

## Program Costs

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### Section E

#### Allowable Nutrition Education Costs

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##### Introduction

During each federal fiscal year an amount equal to at least one-sixth (1/6) of the funds expended by the State Agency and Local Agencies for administrative costs will be used for general nutrition education. An additional specified amount will be used for breastfeeding education and promotion.

Nutrition education and breastfeeding education and promotion costs are limited to activities which are distinct and separate from other program costs. These efforts must be specifically aimed to help participants understand the importance of nutrition and breastfeeding to health.

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##### Salaries

With proper documentation the following costs are allowed:

Portions of the salaries of employees who plan and/or perform nutrition education and breastfeeding education and promotion activities for individuals and groups.

Allowable time is the time necessary to:

- Conduct nutrition education and breastfeeding education and promotion, as well as the time spent for planning and preparation of sessions
  - Train professional and paraprofessional staff on how to provide nutrition education and promote breastfeeding
  - Monitor the documentation and quality of education provided to participants. This includes time spent reviewing and evaluating nutrition education documentation in AIM
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#### Section E

#### Allowable Nutrition Education Costs (Continued)

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##### Salaries (Continued)

- Evaluate nutrition education and breastfeeding education and promotion, including the collection of participants' opinions. Evaluation includes time the nutritionist spends observing participant education by CNWs, and reviewing materials used for nutrition education and breastfeeding education and promotion
  - Develop nutrition education and breastfeeding education and promotion materials
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##### Travel Expenses

Travel expenses related to obtaining or providing nutrition education and breastfeeding promotion activities, such as mileage and per diem.

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##### Materials

Nutrition education and breastfeeding materials, including the cost of development, printing and distribution of education materials. Allowable costs also include the purchase of equipment or teaching aids for nutrition education or breastfeeding education and promotion.

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##### Staff Training

Registration fees for staff nutrition or breastfeeding education.

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### Section F

#### WIC Cost Allocation and Time Studies

<b>Introduction</b>	Annually, Local and State Agencies must report, by functional area, their use of administrative funding.
<b>Accounting For Staff Time By Source of Funding</b>	OMB Circular A-87 requires a staff person who is funded by two (2) different programs (e.g. WIC and CSFP) to do a daily time record.
<b>Allocation of Costs To Four (4) WIC Functional Areas</b>	<p>In lieu of daily time studies, an agency may do a representative time study with the following time frames:</p> <ul style="list-style-type: none"><li>• One week a month</li><li>• One month a quarter</li><li>• Two weeks every other month</li></ul> <p><b>Note:</b> Annual one-month studies are no longer acceptable.</p>
<b>Certification of Effort By Functional Area</b>	State or Local staff working in only one of the four WIC functional areas (e.g. Breastfeeding) must certify to this effect semi annually.

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### Section G

#### How to Report Costs by Functional Area

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<b>Introduction</b>	Annually, Local and State Agencies must report, by functional area, their use of administrative funding.
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<b>Categories</b>	All costs necessary to conduct the following activities:
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<b>Client Services</b>	<p>All costs expended to issue food benefits and other client services and benefits.</p> <ul style="list-style-type: none"><li>• Diet and health assessment for certification</li><li>• Issuance of food instruments</li><li>• Training participants on food instrument use</li><li>• Referral services for other health care and social services</li><li>• Coordination activities</li></ul>
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<b>Nutrition Education</b>	<p>The cost of providing nutrition education is determined by the amount of money paid to personnel to travel to, conduct and attend nutrition education training sessions.</p> <ul style="list-style-type: none"><li>• Equipment for nutrition education</li><li>• Interpreter or translator services to facilitate nutrition education</li><li>• Evaluation or monitoring of nutrition education</li></ul>
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## Chapter Thirteen

### Program Costs

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#### Section G

#### How to Report Costs by Functional Area (Continued)

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##### **Breastfeeding Education and Promotion**

All costs of providing breastfeeding education and promotion is to be determined by the amount of money paid to personnel to travel to, conduct and attend nutrition education training sessions.

- Equipment for breastfeeding promotion and education
  - Evaluation or monitoring of breastfeeding promotion and education
- 

##### **Administration**

All costs directly or indirectly considered to be overhead or management costs.

- Outreach
  - General management
  - Payroll and personnel systems
  - Accounting and audits
  - Financial or legal services
  - Personnel administration
  - Other
-

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### Section H

#### How to Complete the Daily Time Sheet

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<b>Introduction</b>	Annually, each employee must complete a Daily Time Sheet (see Appendix A).
<b>Procedures</b>	Select the representative time period (e.g., one month a quarter or two weeks every other month). Have each WIC employee complete a Daily Time Sheet according to the following directions:
<b>Headings</b>	Fill in the Representative Month and Year, Local Agency, Employee's Name, Title, and Funding Source.
<b>Date</b>	For each weekday (do not include weekends unless clinic is open), complete the columns: <u>Client Services</u> , <u>Nutrition Education</u> , <u>Breastfeeding Education and Promotion</u> , and <u>Administrative (Other)</u> with the time spent for each activity in minutes. If there was a holiday, sick day, or vacation day, write this by the appropriate date.
<b>Client Services</b>	<p>Log the time spent each day, in minutes, on certification activities, check issuance and contact with participants such as answering questions about community resources or scheduling.</p> <p><b>Example:</b> The staff member spends 10 minutes talking to a client about family planning services. Log 10 minutes of Client Services.</p>
<b>Nutrition Education</b>	Log the time spent each day, in minutes, providing nutrition education (Example: anemia, WIC foods or dietary habits). Do not include breastfeeding education and promotion activities. You may use the AIM Care Plan Screen as documentation of the time spent on individual or group education. Record only education time under this heading.

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# Chapter Thirteen

## Program Costs

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### Section H

#### How to Complete the Daily Time Sheet (Continued)

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##### Nutrition Education (Continued)

**Example 1:** A one-hour training session for CNWs on bottle habits would be logged as 60 minutes of nutrition education training.

**Example 2:** A WIC staff person conducts a 30 minute group education class, log 30 minutes of nutrition education.

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##### Breastfeeding Promotion

Log the time spent, in minutes, on participant education on breastfeeding, community activities such as a meeting with hospital staff on breastfeeding, phone call to answer breastfeeding questions for a participant, staff training activities on breastfeeding, and breastfeeding materials development.

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##### Administrative (Other)

Log the time spent each day, in minutes, on activities which do not fall into the categories listed above. Example: staff training on personnel rules, time spent supervising a staff member or receiving an evaluation would be recorded under this category.

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##### Total Minutes/Day

At the end of the day, add down the minutes recorded daily under each column. These minutes will be recorded on the Total number of minutes spent on WIC activities lines.

Calculate the total hours for the day by dividing the number of minutes by 60. Record under the heading Total Hours/Day.

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##### Total Hours/Day

At the end of the day, add across all of the minutes recorded for each activity to obtain the total number of minutes spent by activity. Write the number under the heading Total Minutes/Day.

Calculate the total hours for the month by dividing the number of minutes by 60. Record under the heading Total Hours/Day.

**Note:** All time reported by individual must match payroll records.

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#### **Section H**

#### **How to Complete the Daily Time Sheet (Continued)**

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##### **Signature**

When completed, each employee should sign their Daily Time Sheet and turn it into their supervisor.

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# Chapter Thirteen

## Program Costs

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### Section I

#### How To Complete The Personnel Cost Summary Sheet

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<b>Introduction</b>	To calculate the cost of personnel time spent per functional area, determine how much time was spent for the month and how much was paid out for the time spent for each employee.
<b>Determine Education Time</b>	Ascertain how much time was spent by functional area, using total hours recorded on each of the Daily Time Sheets.
<b>Calculate Cost of Time Using Hourly Wage</b>	<p>To calculate the cost of personnel time, determine the staff person's hourly wage by dividing their annual salary and ERE (benefit package) by 2,080 hours per year, and multiply this figure by the number of hours spent in each functional area.</p> <p><b>Example:</b> The total of the annual salary and ERE is \$25,000. To determine hourly personnel costs, \$25,000 divided by 2,080 hours/year = <b>\$12.02 (hourly wage)</b></p>
<b>Recording/Reporting</b>	<p>Calculate and record the costs by functional area on the Personnel Cost Summary Sheet (see Appendix B and C).</p> <p><b>Note:</b> Local Agencies must spend 1/6<sup>th</sup> of their administrative budget on nutrition education costs.</p>

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# Chapter Thirteen

## Program Costs

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### Section J

#### How to Complete the Annual Cost Summary Report

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##### Introduction

The Nutritionist or Project Director is responsible for completing and reporting their expenditures on the Annual Cost Summary Report (see Chapter Twelve, or Appendix D).

**Note:** WIC-funded personnel are listed on one Annual Cost Summary Report. Personnel funded from all other sources should be reported on another Annual Cost Summary Report, marked In-Kind Contributions.

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##### Policy

The Annual Cost Summary Report is designed for the Local Agency to report their expenditures by category at the end of each fiscal year. The report should be mailed to the State Agency by November 30 of the next fiscal year to the

Nutrition Programs Manager  
Office of Chronic Disease Prevention and Nutrition Services  
150 North 18<sup>th</sup> Avenue, Suite 310  
Phoenix, Arizona 85007

**Note:** Local Agencies should keep copies of the Annual Cost Summary Report, and supporting documentation by fiscal year. Copies should be retained for 5 years and 5 months.

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##### Procedure

Transfer the annual salary plus benefits totals from the Personnel Costs Summary Sheet to the Annual Cost Summary Report.

Report Personnel and ERE, Professional and Outside Services, Travel Costs, Occupancy Costs, Other Operating costs, Capital Costs, and Indirect Costs by functional area.

**Note:** Travel costs include mileage and per diem costs. This is calculated on the time spent on different functional areas.

**Example:** Two (2) days are spent attending the Statewide Staff Meeting. One (1) day is for nutrition education training and the other day is for administration projects. Only one-half of the mileage to and from the meeting and one (1) day's per diem may be charged to nutrition education costs.

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## Chapter Thirteen

### Program Costs

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#### Section J

#### How to Complete the Annual Cost Summary Report (Continued)

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##### Total

Add the four categories to determine the annual total costs.

**Note:** Annual Cost Summary Report totals must equal total costs reported on final CER.

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##### Budget

Report approved budget for the current fiscal year according to proposal or amendment.

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#### **Appendix A: Daily Time Sheet**

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See Following Page

# ARIZONA WIC PROGRAM DAILY TIME SHEET

**Local Agency:** \_\_\_\_\_

**Employee Name:** \_\_\_\_\_

**Month/Year:** \_\_\_\_\_

**Date:** \_\_\_\_\_

DATE	TIME	CLIENT SERVICES	NUTRITION EDUCATION	B/F EDUCATION AND PROMO	ADMIN (OTHER)	SUB-TOTAL
	6AM-7AM					
	7AM-8AM					
	8AM-9AM					
	9AM-10AM					
	10AM-11AM					
	11AM-12AM					
	12AM-1PM					
	1PM-2PM					
	2PM-3PM					
	3PM-4PM					
	4PM-5PM					
	5PM-6PM					
	6PM-7PM					
	7PM-8PM					
	8PM-9PM					
	<b>TOTAL MINUTES</b>	Minutes	Minutes	Minutes	Minutes	Minutes
	<b>TOTAL HOURS PER DAY</b>	Hours	Hours	Hours	Hours	Hours

**Employee Signature:** \_\_\_\_\_

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#### **Appendix B: Sample Personnel Cost Summary Sheet**

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## Sample Personnel Cost Summary Sheet

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### **Program Costs**

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#### **Appendix C: Personnel Cost Summary Sheet**

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See Following Page

# Personnel Cost Summary Sheet

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## **Chapter Thirteen**

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#### **Appendix D: Annual Cost Summary Report**

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## ANNUAL COST SUMMARY REPORT

LOCAL AGENCY: \_\_\_\_\_ DATE: \_\_\_\_\_

WIC FTE	FISCAL YEAR: _____				FINAL	BUDGET	AMOUNT UNSPENT
	Client Services	Nutrition Education	B/F Education and Promotion	Admin (Other)			
Personnel and ERE							
Professional and Outside Services							
Travel Costs							
Occupancy Costs							
Other Operating Costs							
Capital Costs							
Indirect Costs							
<b>TOTAL</b>							

AUTHORIZED SIGNATURE: \_\_\_\_\_